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THE WHITE HOUSE  
WASHINGTON

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EXECUTIVE REGISTRY  
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July 24, 1953

Dear Allen:

*Superseded  
13 May 57  
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The President has approved the enclosed basic memorandum entitled "Preparation and Use of Financial Data in Connection with National Security Council Procedures".

Hereafter, the terms of this memorandum will govern procedures relating to the preparation, presentation, and processing of national security policies.

You are already familiar with the provisions of NSC 153/1, "Restatement of Basic National Security Policy", which relate to the maintenance of a sound and strong economy. It seems desirable also, in addition to the normal distribution of the enclosed memorandum, to bring it specifically to your attention.

Sincerely yours,

/s/ Bob  
ROBERT CUTLER  
Special Assistant  
to the President

Cutler  
Ltr

The Honorable Allen W. Dulles  
Director  
Central Intelligence Agency  
Washington, D.C.

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July 23, 1953

PREPARATION AND USE OF FINANCIAL DATA IN CONNECTION  
WITH NATIONAL SECURITY COUNCIL PROCEDURES

Introduction

1. In accordance with a memorandum of understanding approved by the President, the preparation and use of financial data by the Planning Board in connection with NSC procedure will generally conform to this statement.

Periodic Over-all Projections of  
Expenditures and Revenues

2. The President has directed that the Treasury Department and the Bureau of the Budget, every six months (ordinarily about August 15 and February 15), prepare projections of expenditures and revenues for the total Federal Budget on the basis of then-approved fiscal, security, and other policies; such projection to include an analysis of the fiscal implications of such projections. These projections will include a breakdown of expenditures by national security programs.

Financial Data as to the Cost  
of a Specific Security Program

3. Functions of drafting agency. Any agency preparing an initial draft of a policy statement for the Planning Board will include in the draft the following financial information:

- a. Estimated total cost of the program to carry out the policy: i.e., estimated expenditures during the first four years or the life of the program, whichever is appropriate for a significant estimate.
- b. Estimated expenditure during the first year.
- c. Estimated expenditure in the peak year.
- d. Other pertinent financial data, if any, bearing on magnitude of the program, such as prior expenditures, existing capital investment, available appropriations, etc.

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e. A statement as to whether (1) the total cost indicated in a above will be included in some program total under an approved policy for each year in question or (2) will be in addition thereto.

f. A statement of any lower-priority programs of the drafting agency, or included within the authorizing legislation applicable to the proposed program, which can be reduced or eliminated to offset the above-mentioned total cost.

g. The assumptions upon which the foregoing estimates are based.

In many cases, estimates of cost may be very rough and may be expressed only as a general order of magnitude. Where appropriate, the estimates may be expressed as a range. When a policy statement involves expenditures by other departments or agencies, the agency preparing the draft will request the assistance of such other departments or agencies in preparing the estimates.

4. Function of the Bureau of the Budget

a. Upon receipt of a draft policy statement circulated to the Planning Board, the Bureau will examine, as carefully as time permits, the information included therein pursuant to paragraph 3 above.

b. As to information included pursuant to 3 a-d inclusive, if it finds that the drafting agency's estimated cost differs substantially from its own rough estimate of such cost, it will discuss the matter with the drafting agency in an attempt to arrive at agreement. It will report to the Planning Board meeting at which the draft policy statement is first considered either (1) that the agency's estimates are reasonable; (2) that there is agreement on a revised set of estimates, submitted to the Board; or (3) that no agreement could be reached on a rough estimate, stating its recommendations.

c. If an agency not represented on the Planning Board will be involved in added expense, the Bureau of the Budget will assist in identifying such expense.

d. If the information included pursuant to 3-e and f indicates that the drafting agency has been unable to develop a means of offsetting the estimated cost, then at the request of the Special Assistant to the President for

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National Security Affairs, in specific cases, the Bureau will stand ready to assist him in the preparation of a supplemental paper containing information as to specified programs of the drafting agency or other agencies which might be reduced or eliminated on the basis of lower priority. Such supplemental paper will be transmitted through the Planning Board to the Council.

## 5. Planning Board Functions

a. The Planning Board will consider all this financial information in making its policy recommendations.

b. In the event of a conflict of views as to estimated costs (see paragraph 4-b (3)), the Planning Board may defer consideration of the proposed policy until the estimates can be examined further, or it may proceed on the basis of the available information. In either case, the Planning Board will submit to the Council a summary of any conflicting views on costs.

c. In the event that the drafting agency indicates pursuant to paragraph 3-e that the cost of the program to carry out the proposed policy can be offset, through reduction or elimination of other programs of the agency or otherwise, the Planning Board will note and transmit this view to the Council.

d. In the event that the drafting agency indicates pursuant to paragraph 3-e that the cost of the program to carry out the proposed policy will be additive in substantial amount, the Planning Board may make a recommendation based thereon and upon the supplemental paper referred to in paragraph 4-d.

6. Council Consideration. The Council will consider all financial information transmitted to it by the Planning Board, and will recommend to the President: (a) as to the rough order of magnitude of the cost of the program to carry out the proposed policy; (b) whether to make reductions in or eliminations of specified programs deemed by it of lower priority, which would offset such cost, or (c) to increase approved expenditure totals for security programs so as to include as additive cost the program to carry out the proposed policy.

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In approving a specific policy paper, the President is not committed to the cost estimates, which are furnished to him merely as indications of magnitude. Presidential approval of expenditure levels and financing for a particular policy will be made through the regular budget process.

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